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local exchange services since that date (the new entrants).^{1/} The incumbent carriers are full service, facilities-based local exchange carriers, as are those new entrants which have received that authorization since February 10, 1994. The Commission intends to review, and possibly revise, the requirements for local exchange carriers later in this proceeding.

CARRIER INTERCONNECTION^{2/}

Fundamental Principles

In the March 8, 1995 order, the Commission tentatively adopted four basic principles developed during the initial collaborative phase of this proceeding. They are:

- Customers must be able to call all valid telephone numbers.
- Traffic and information between local exchange carriers must be exchanged.
- Local exchange carriers are entitled to compensation for the costs of the traffic and services provided to each other.
- Compensation charges and rates should be cost-based, uniform, and non-discriminatory, and encourage long-term efficiency.

^{1/} Two carriers--Teleport and MFS--are new entrant, local exchange carriers by virtue of the Commission's ruling in Case 92-C-0665 establishing requirements for NNX allocations.

^{2/} Appendix A graphically depicts the operation of the carrier interconnection framework adopted in this order.

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At discussions with the parties, the principles, which are fundamental to the framework which will be adopted for intercarrier connection and compensation, were generally endorsed and will be adopted.

Exchange of Traffic at Meet Points

More specifically, the Commission tentatively decided that:

- tariffs should be filed for the exchange of local traffic at established "meet points";
- the rates for the interchanged traffic at those meet points should be symmetrically applicable among local exchange carriers;
- carriers using alternative interconnection arrangements provided by another carrier would be required to offer equivalent forms of interconnection to the other carrier;
- new entrants and small incumbent carriers should be excused from filing cost studies as long as the interconnection rates they charge are no more than those of the largest local exchange carrier serving the LATA;
- flat rate (i.e., unmeasured) options should be offered as an alternative to measured rate (e.g., per minute) tariffs;
- the incumbent local exchange companies should make available a common interconnection meet point in their local service areas, at their tandem

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switching locations (or the equivalent thereof), for the interconnection of new entrants with the incumbents, as well as interconnection among the new entrants themselves.

Most of these specifications were acceptable to the parties. Issues were raised with respect to the requirement for equal meet point rates and flat rate charges. In addition, related issues were raised concerning the requirement that new entrants provide intra-LATA presubscription and the transition approach to be followed in the areas served by smaller incumbents. Except where otherwise decided below, the Commission adopts as final the tentative determinations on these matters described in the March 8, 1995 order.

1. Equal Meet Point Rates

Incumbent telephone companies have a network architecture that uses interoffice facilities such as a tandem switch to aggregate calls from relatively numerous central offices, each located relatively close to customers. Some new entrants may not duplicate this network; for example, they could use fewer tandems and local switches, but longer local loops to customers.

New entrants are concerned that equal meet point rates not imply a requirement that their networks replicate those of incumbents. They believe that modern networks will replace tandems and related interoffice facilities with different network architectures. Incumbents, on the other hand, contend that it would be inefficient to require them to pay tandem switching charges where no tandem switch is actually present.

The requirement for equal meet point rates is a reasonable transitional approach, which recognizes that the architecture of new entrant networks is not likely to duplicate that of incumbents. Thus, while a new entrant's network may not

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have a tandem switch, where the access it provides an incumbent is functionally equivalent to a tandem, it will be allowed to charge the incumbent's tandem rates at the meet point.^{1/} In that circumstance, new entrants will also be required to provide the incumbent appropriate interconnection options within their network that would allow the incumbent access to more efficient connections or, alternatively, rates lower than the equal meet point rates. This structure adequately addresses the incumbents' efficiency concerns.

2. Flat Rate Pricing Option

A number of incumbents object to the requirement that an unmeasured service alternative be offered. They asserted that the dual availability of flat rate and usage-based charges could be discriminatory, and that flat rate options were not compensatory.

Flat rate options benefit all carriers, incumbents and new entrants alike, by reducing the administrative costs associated with minute-of-use billing, and are particularly useful to smaller incumbents who may not have the facilities to bill on a usage basis. Flat rate charges should cover costs, which ensures that, in the aggregate, they will be set at compensatory levels. Furthermore, because of the different costs associated with the provision of flat rate and usage-based options, rates which differ are not per se discriminatory.

^{1/} Functional equivalence is not, in this context, measured by the size of a carrier's operation, or the architecture employed; rather, it is the ability to terminate calls to all customers served by a carrier's unique, stand alone network by delivery to a single point of interconnection.

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3. IntraLATA Presubscription for New Entrants

New entrants contend that they should not be required to provide their customers the ability to designate a pre-subscribed carrier for the direct dialing of intraLATA or inter-region calls. They argue that they should be permitted to bundle the provision of local and intraLATA toll calling, without allowing their customers to pre-subscribe to an alternative intraLATA toll provider. Despite the expressed preference of the new entrants, however, no compelling arguments have been advanced to refute the recommendations of staff that equitable considerations support requiring intraLATA presubscription. Furthermore, it is likely to be easier to implement this practice now, when new entrants are beginning their network planning. Therefore, all local exchange carriers shall provide for intraLATA presubscription, and those carriers that have not already done so are directed to provide staff with an implementation plan within 90 days of the issuance of this order.

4. Transition to New Compensation Framework for Smaller Incumbents

Staff had proposed that the existing "bill and keep" arrangements applicable to local traffic exchanged between incumbent local exchange carriers be phased out for independent telephone companies and that smaller carriers be accorded flexibility in the implementation of new local compensation arrangements. Staff's proposal would permit smaller carriers to retain their existing compensation arrangements on non-competitive local routes. Staff also observed that the impact of the phase-out of EAS settlements (directed in other proceedings) would be evaluated in the universal service phase of this proceeding.

The New York State Telephone Association (NYSTA) generally supports this proposal, although it offers a slightly different implementation plan, in which existing EAS settlements

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would be completely phased out before the replacement of "bill and keep" arrangements with local exchange carrier access charges. NYSTA also proposes different criteria for determining whether or not competition existed, the circumstance that would trigger the termination of the "bill and keep" arrangements.

Under NYSTA's proposal, termination charges differ depending on whether the competition for local service in the incumbent territory comes from a new entrant or another incumbent. In the former case, cost-based charges would apply; in the latter, the smaller of the incumbents determines whether to retain the existing billing arrangement. NYSTA suggests that this approach avoids changes to existing arrangements based solely upon competitive encroachment by another carrier, and provides smaller companies with additional protection during the transition to a competitive environment. NYSTA's proposals provide a reasonable balance between recognizing the impact of local competition and respecting the long-standing arrangements of existing providers. They will be adopted and implemented.^{1/}

Interconnection Requirements

The following conclusions, tentatively endorsed in the March 8 order and unopposed by the parties, are finally adopted.

- The Commission's existing Open Network Architecture rules are adequate to provide the necessary interconnections among competitors and incumbent local service providers.

^{1/} As a clarification, the transitional approach adopted here for the independent companies applies to all independents, including the subsidiaries of Rochester Telephone Corp., and Ogden Telephone which is physically surrounded entirely by Rochester's service territory. Pending further review, the terms of the Rochester Open Market Plan apply within Rochester's territory.

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- Cooperative practices among the providers of local service should be encouraged and closely monitored.
- Shared use of bottleneck facilities is essential, and the terms of such arrangements should balance the impact on competitive entry, fairness to incumbents, and impact on consumers.

Efficient Interconnection Among Local Exchange Carriers

Effective local service competition requires technically and economically efficient interconnection among all local exchange carriers. Both Rochester Telephone Corp. and New York Telephone Company offer interconnection points at their local and tandem switching locations, and both provide arrangements for other carriers to collocate facilities at these locations. The interconnection framework proposed by staff in this proceeding contemplated that interconnection between the new entrants, as well as between a new entrant and the incumbent, could be made at locations such as the tandem. Such interconnections could be made directly between the new entrants (if they had collocated facilities at the tandem) or through economically efficient connection arrangements provided by the incumbent at the tandem location.

The incumbents questioned the Commission's authority to require them to facilitate interconnections between competitors at the incumbent's facilities, asserting that requiring such connection would exceed the Commission's statutory authority, and constitute an unconstitutional taking.

The Commission has the authority to require such interconnection, pursuant to its responsibility to ensure adequate and reliable telephone service. Service reliability is enhanced by the interconnection of carriers with each other at multiple points, and not only through either direct connections,

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or the incumbent LEC. The greatest reliability for a direct connection between collocated carriers appears achievable by their connection at the point of collocation. Therefore, consistent with the Commission's guidelines for the provision of comparably efficient interconnection--interconnection which is both technically and economically comparable to actual collocation on reasonable terms--local exchange carriers should, upon request, provide such services as may be necessary to facilitate interconnections between other carriers at cost-based rates.

INTERCARRIER COMPENSATION

Introduction

The March 8 order asked the parties to consider a framework, proposed by staff, that would establish a local access charge to be paid by and to carriers exchanging traffic in the local area. The local area was defined, in a manner compatible with the existing division between the toll and local markets, as the home region downstate or the Band A calling area upstate. That local access charge would be set at or near incremental cost.

This approach was, in essence, a continuation of the historic development of carrier access charges. Under those arrangements, charges assessed by local exchange carriers for the use of their networks to originate or terminate calls depends, in part, on where the call originated or where it is destined to be terminated. It was a departure from the interim policy adopted by the Commission for local carrier access during the pendency of this proceeding (generally referred to as "play or pay"), pursuant to which lower, cost-based access charges, unrelated to call origination or termination points, were available only to those local exchange providers holding themselves out as offering the full range of universal service obligations, including residential and Lifeline service.

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Staff reports that this proposal was the most controversial of those considered in the reopened discussions, and was not endorsed by the parties most likely to be engaged in the provision of local exchange service--the incumbent local exchange carriers and new entrant providers. A number of alternative proposals were discussed by the parties.

Basic Framework

1. New York Telephone/NYSTA/Local Competitor Alternative (Joint Proposal)

A proposal supported by all of the parties except the interexchange carriers, would define the local service area to include the entire New York Telephone LATA (upstate or downstate), and would establish a different, lower, access charge to be paid by full service, facilities-based local exchange providers. Service providers offering only niche services (e.g. business-only) and those offering local exchange service (e.g. interexchange carriers) would continue to pay existing access charges.

This alternative is essentially an expansion of the existing compensation arrangement agreements, and at least one cable company competitor and New York Telephone had been on the verge of concluding such an arrangement when the March 8 order, with staff's compensation proposal, was issued. The proponents of the Joint Proposal argue that it is only by offering different rates for full service providers that widespread local competition will be encouraged and achieved.

The interexchange carriers, which do not appear to have immediate plans to enter the local market as full service providers of local dial tone, oppose the Joint Proposal. They assert that the higher access charges they would have to pay at each end of a call would competitively disadvantage them in the provision of inter-region (or intraLATA toll) calling. They

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point out, as well, that defining eligibility for the lower access charge is not administratively simple, and they warn of a potential for dislocations from year to year. Indeed, NYSTA proposed some specific guidelines (e.g., percentage of residential and Lifeline customers served) for eligibility that were problematic for many of the parties.

2. AT&T Alternative

At the conclusion of the discussions and later by written correspondence with the parties, AT&T proposed another alternative. Under AT&T's proposal, a lower priced access charge would be implemented in the home region for all carriers, while full service, facilities-based carriers only would be charged the lower access charge in the entire LATA. An important part of this plan, however, was the availability of links for resale at incremental cost.^{1/}

3. Discussion

Meaningful competition requires that there be alternative sources from which customers may purchase dial tone. A framework that provides lower access charges to full service, facilities-based local service providers would be likely to stimulate the development of alternative networks, and would properly reflect the risks assumed by carriers that offer the full range of telephone services through their own facilities. Where no such recognition is provided, it is not likely that carriers will have the same incentive to develop alternative sources of dial tone, or to provide a full range of services consistent with the public interest. Thus, after consideration of all the discussion, staff recommends the Commission adopt the joint proposal as a general framework for local intercarrier compensation.

^{1/} The wholesale price of links is the subject of petitions for reconsideration in Case 92-C-1174, and will be examined in another phase of this proceeding.

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Current carrier access charges include a contribution to the costs of universal service. Like toll rates, carrier access charges have traditionally recovered a portion of local loop costs, a logical result of the necessity of the local network to the provision of both local and longer-haul service. From the perspective of competitive equity and economic efficiency, it would be desirable to have access charges, both toll and local, priced at incremental cost. However, it is clear that incremental cost based access charges do not provide for any contribution flows among the carriers, including local service providers, that might be found necessary to promote and protect universal service.^{1/}

All of the parties involved in this collaborative process agree that if all access were priced optimally--that is, at incremental cost--intercarrier compensation would not be an issue. But, since it cannot now be so priced, the local intercarrier compensation framework should be designed to encourage the development of meaningful local competition while continuing to support universal service.

The compensation framework proposed by the parties who will engage in that competition appears most likely to meet these dual goals for now. The Joint Proposal, as modified by the other findings here, will be approved as the compensation framework for the exchange of local traffic. While the rates themselves may require modification upon consideration of the options to be presented for universal service funding in Module 1 of this proceeding, the basic framework is adopted.

^{1/} Potential competitors have argued that, for economic efficiency, the costs of access and costs of network contribution should be separately identified and paid. This and other universal service concerns are currently under consideration in forthcoming portions of this proceeding. Until other methods of funding the continued provision of universal telephone service are decided, it is apparent that all such contribution cannot abruptly be removed from carrier access charges.

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The Joint Proposal contains many specific features that are not being adopted here. For example, it offers to resolve matters related to number portability, directories, directory assistance, databases, interconnections, 911, universal service contribution, and cooperative practices. These are matters which the Commission expects to address in future orders. Several other issues require comment now, however.

Carrier Eligibility

Staff had proposed three criteria to determine carriers' eligibility for compensation:

- Certification as a telephone corporation authorized to provide local exchange service in the state.
- Allocation of an NNX code for that purpose.
- Provision of local dial tone to customers.

These criteria were put forth in the context of an intercarrier compensation approach different from what is ultimately being approved in this order and they focus largely on the facilities-based characteristics of local carriers. While not inconsistent with the approved framework, the criteria do not address the standard for determining when new entrant companies are facilities-based, full-service providers, and entitled to exchange traffic on that basis. Although there was some discussion with respect to the full service criteria, and, in fact, a specific proposal from NYSTA, that matter is not yet ripe

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for resolution, and will be addressed in the remainder of this proceeding.^{1/}

As discussed elsewhere in this order, the Commission has identified in prior rulings those carriers that meet the interim standard of facilities-based, full service carriers. And, as the Commission has elsewhere concluded, certain local exchange carriers do not offer local exchange service consistent with these standards. In essence, such local exchange carriers are either not facilities-based, or full service, or both. The framework the Commission is establishing allows those otherwise eligible, facilities-based carriers to be compensated, but on different terms inasmuch as their provision of local exchange service differs from that of other local exchange carriers. Such carriers will be held to the compensation requirements of this order and may charge the local termination rates (minus any carrier common line charge) of the largest carrier serving the LATA. However, since such carriers do not directly support the universal service obligation associated with residential and Lifeline service, they will pay the carrier access charges, including the carrier common line charge normally applied to interexchange carriers, and appropriate universal service elements for calls they terminate to others.

Negotiations Between Carriers

In establishing this framework, it is not the Commission's intent to prevent carriers from negotiating terms

^{1/} The distinction between facilities-based, full-service carriers and those without facilities has engendered comment and controversy. Our approach, which provides that only facilities-based carriers are eligible for the lower priced local access arrangements, will provide an initial incentive to spur the development of alternative local facilities. This distinction, however, may need to be reexamined in light of the actual workings of the local exchange market and the outcome of future phases of this proceeding, in order to ensure that competitive opportunities are being maximized.

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that may vary from it. Local exchange carriers are advised that the framework instituted here must, at a minimum, be available to others. However, mutually acceptable variations are permitted as long as those arrangements are available to other local carriers on non-discriminatory terms. It is also emphasized that implementation of the framework here will require substantial, good faith negotiation between local exchange carriers on various company-specific details, such as the establishment of mutually acceptable meet points and the like. It is expected that the carriers will resolve these matters themselves by direct negotiation. In particular, incumbent carriers, particularly Rochester and New York Telephone, are advised to be fair in such negotiations, and to be guided by the existing, cooperative joint service arrangements and long-standing practices of the telephone industry for determining details such as reasonable meet point practices (e.g., maintenance terms or joint ownership of meet point facilities, and the use of records for segregating toll and local traffic) and the location of physical meet points consistent with this framework.

Interexchange Traffic

Local exchange carriers are also authorized to file tariffs to charge for access by interexchange carriers to their local customers. In their tariffs, new entrant local exchange carriers have been authorized to charge for such access, subject to the constraint that their rates not exceed those of the largest carrier in the LATA without a showing that such rates are cost-based and in the public interest. This practice is reasonable, as the charges paid by the interexchange carrier are no higher than the existing rates and the recovery of revenues to offset a portion of the cost of the local loop is no less valid for such carriers. Thus, it will be continued pending a determination of the universal service issues in this proceeding,

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and a review of appropriate the level of the carrier access rates for such local exchange carriers in Case 28425.

DIRECTORY LISTINGS AND PUBLICATION

In the March 8 order, the Commission tentatively adopted several staff recommendations, pending the results of the additional meetings with the parties. Specifically, the Commission tentatively adopted staff's conclusions that, during the period of transition to a competitive local service market, and absent a mutually agreed upon alternative arrangement, incumbent local exchange carriers would be required to publish new entrant telephone listings in their directories; new entrants would not receive any compensation for their listings; and incumbent local exchange carriers would not receive a fee for publishing the listings. Additional revenues received from the sale of directory listings to third parties would be shared between the new entrant and incumbent.

These tentative conclusions were generally acceptable to the parties, and they will be finally adopted as guidelines for the provision of directory listings. In addition, the parties resolved several issues related to implementation of these determinations, which will also be adopted to guide incumbents and new entrants in the absence of mutually agreed-upon alternative procedures:

- Incumbent carriers are responsible for making directories available to new entrants for their customers, while the new entrants are responsible for distributing or arranging for the distribution of the directories to their customers.
- Any type of enhanced listing currently tariffed by the incumbent will be made available to all end users at the tariffed rate.

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- New entrants interested in offering "one-stop" shopping to customers, which would include advertising in NYNEX yellow pages, must make the necessary arrangements with NIRC.

Finally, incumbent carriers are required to place a statement in the informational pages of the directory reminding customers that there is more than one local service provider and customers should be sure they are calling their own carrier if they have a service problem.

OTHER PROCEEDINGS

As described in the order concerning the Performance Regulation Plan for New York Telephone^{1/} the framework includes the specific prices proposed by New York Telephone for its interconnections with local exchange carriers, as shown on Appendix B to that order. In the interests of furthering the competitive environment fundamental to that plan, New York Telephone is directed to file interconnection and compensation terms consistent with this framework within 15 days of the issuance of this order. Rapid compliance is not only integral to the incentive plan, it is also recognized that the framework here is based upon a proposal initially developed by the industry six months prior, and the modifications have been the subject of substantial collaboration during the interim. Other local exchange carriers should consider carefully concurrence with the New York Telephone tariff, once filed, as a means of implementing reciprocal compensation terms. It is expected that New York Telephone will provide such concurrences promptly, and the result

^{1/} Case 92-C-0665, New York Telephone Company - Incentive Regulatory Plans - Track 2, Order Approving Performance Regulatory Plan Subject to Modification (issued June 16, 1995), p. 15.

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would be a standardization that would be both practical and efficient.

Further, now that this portion of the Competition II proceeding has concluded, the Commission expects to review, and possibly modify, Rochester Telephone's Open Market Plan in this context.^{1/} Since the framework instituted here offers connection and compensation arrangements that vary from those established by Rochester Telephone, the potential benefits to consumers and local service competition will be considered in determining whether modification of the Open Market Plan is in the public interest.

The Commission Orders:

1. In the absence of a mutually satisfactory alternative arrangement, listings of customers subscribing to new entrant local exchange companies should be published in the alphabetical directory listings of the incumbent local exchange company, as described in the body of this order.

2. The guidelines for the interconnection of competing local carriers, including the compensation plan, described in the body of this order, are adopted as the framework during the transition to a competitive local exchange market for all local exchange carriers.

3. New York Telephone Company is directed to file interconnection, inter-carrier compensation, and directory tariffs consistent with the terms of this order within 15 days of the date of this order, such tariffs to become effective upon one-day's notice, on a temporary basis subject to refund, until approved by the Commission on a permanent basis. The

^{1/} Opinion No. 94-25, Opinion and Order Approving Joint Stipulation and Agreement, p. 32.

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requirements of 16 NYCRR 630.7 that newspaper publication be made is waived.

4. Within 90 days of the date of this order, all local exchange carriers that have not already done so shall submit to staff a plan for the implementation of intraLATA presubscription.

5. This proceeding is continued.

By the Commission,

(Signed)

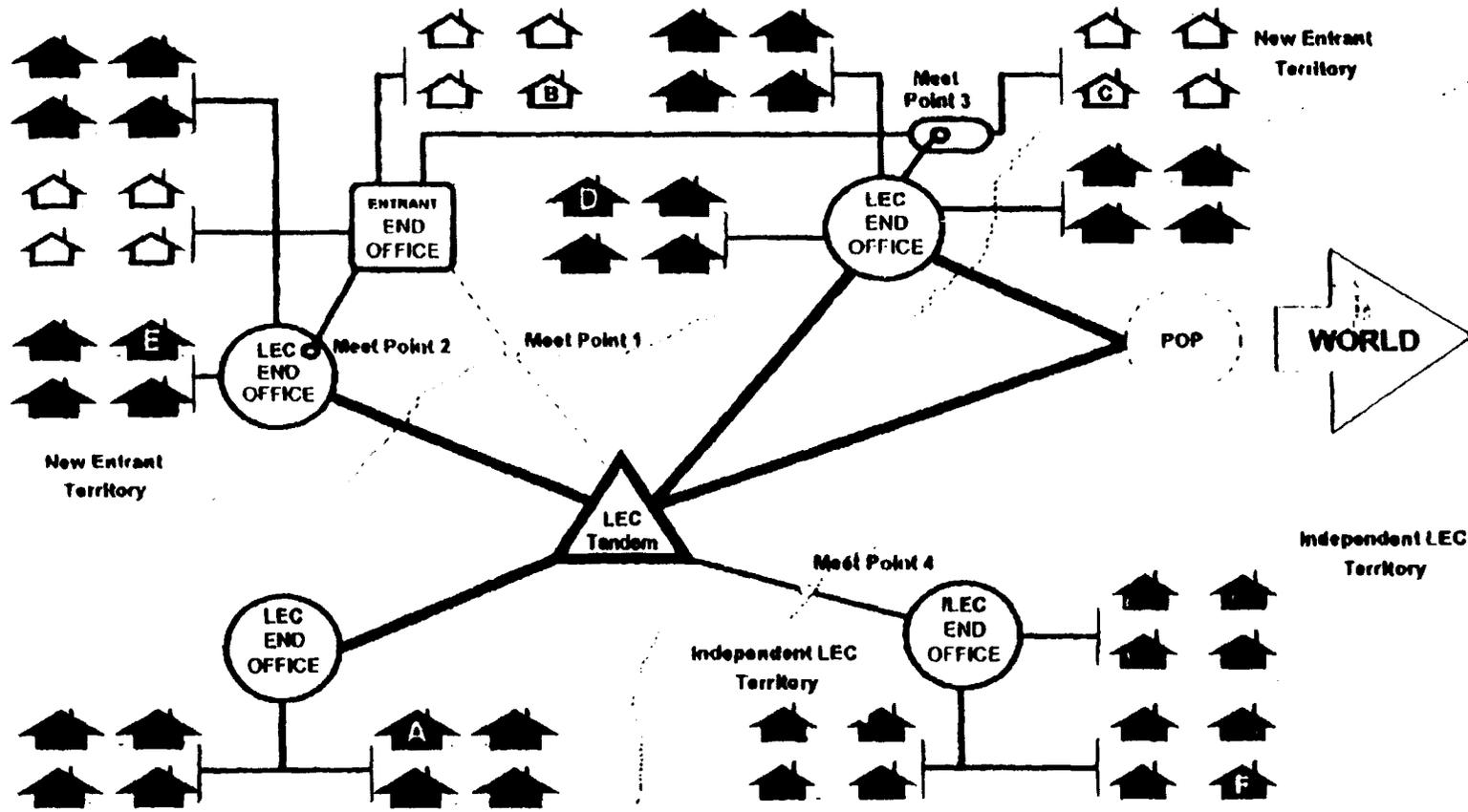
JOHN C. CRARY
Secretary

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TO

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Local Interconnection Points*



KEY:

	Jointly-owned (two-way) LEC or Interexchange Carrier Facilities
	Incumbent LEC Facilities or Specialized Meet Points
	New Entrant LEC Facilities or CEI Meet Points
	Independent LEC Facilities

* A color version of this page is available upon written request to the Director, Communications Division, Three ESI, Albany, NY, 12223-1350

Local Termination Call Paths and Rates

Given:

- The largest incumbent in a given LATA is required to set rates for local termination at its incremental costs for full service, facilities-based providers
- Entrant may set rate at or below incumbent's without filing cost support, but may only charge higher rates upon a demonstration of the public interest and the filing of cost support
- Termination rates must be symmetrically applicable at meet points (tandem rate for tandem or tandem-like access; end office rate for end office access)
- Flat and measured rate termination options must be provided
- Local termination charges to facilities-based, full service providers apply to calls placed anywhere between points in NYT's LATAs; currently tariffed carrier access charges apply to calls placed between existing toll points whenever one of the toll points terminates or originates in the territory of an independent
- Meet points are jointly negotiated between individual carriers and may take a variety of forms and different physical locations

Assumptions:

- Incumbent LEC is largest carrier in LATA
- Incumbent's normal service territory includes the entire area shown except that of the independent; that is, the new entrant's territory and the incumbent's overlap
- Incremental costs of incumbent for: Tandem Termination 0.9¢/minute; End Office Termination 0.7¢/minute
- Entrant is a full service, facilities-based local service provider
- Entrant has chosen to set its rates equal to the incumbent's and both carriers have chosen to subscribe to measured rates
- Meet Point 1 is a virtual meet point and the trunk facilities are two-way and jointly owned
- Meet Point 2 is a physical meet point within the incumbent's end office that provides access to only the customers it directly serves (e.g., Customer E but not Customer A)
- Meet Point 3 is a physical meet point within the entrant's network that provides access to all customers served by its network (e.g., Customers B and C)
- Meet Point 4 is a physical meet point on the border of the incumbent and an independent LEC

Local Termination Call Paths and Rates (continued)

Call From:	Rate Paid By Incumbent for Termination:	Rate Paid by New Entrant for Termination:	Other Considerations:
From Customer A to Customer B	Call delivered to Meet Point 1; rate is 0.9¢/minute	Not Applicable	Assumes incumbent has available the option of alternative interconnection points (such as Meet Point 3); however, it is not required that the incumbent actually utilize Meet Point 3. Entrant may also voluntarily choose to charge the lower "end office" rate at Meet Point 1 (0.7¢/minute) and thus avoid the requirement to provide Meet Point 3
From Customer B to Customer A	Not Applicable	Call delivered to Meet Point 1; rate is 0.9¢/minute	Entrant has option to build facilities to deliver traffic to end office serving Customer A, and chooses to build to Tandem instead
From Customer C to Customer E	Not Applicable	Call delivered to Meet Point 2; rate is 0.7¢/minute	
From Customer D to Customer C	Call delivered to Meet Point 3; rate is 0.9¢/minute	Not Applicable	Meet Point 3 provides tandem-like access, and allows incumbent to more efficiently route this call (lowers incumbent's costs)
From Customer B to Customer F	Not Applicable	Call is delivered to Meet Point 1; Incumbent's charge is the portion of 0.9¢/minute rate associated with delivery to Meet Point 4. Charges from Meet Point 4 to Customer F are based upon the incumbent's normal charge to the independent LEC for local call termination ("bill and keep" or terminating access)	As required by the meet point structure, the Entrant may receive two bills--one from the incumbent for its portion of the call (Meet Point 1 to Meet Point 4), and one from the independent LEC (from Meet Point 4 to customer F)

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Special Considerations for Independent Telephone Companies (continued)

Scenario:	Relationship of LEC A to LEC B	Relationship of LEC A to NYT/RTC	Relationship of LEC B to NYT/RTC
LEC A expands its operating territory to include a bordering exchange currently served by LEC B in direct competition with it; LEC A provides the full range of services normally available in its pre-existing operating territory	LEC B may decide to continue "bill & keep" relationship or move to a chargeable terminating access-basis with LEC A	No change	No change
LEC B expands its operating territory to include a bordering exchange currently served by LEC A; LEC B provides the full range of services normally available in its pre-existing operating territory	As above, LEC B, as the smaller carrier, may decide to continue "bill & keep" relationship or move to a chargeable terminating access-basis with LEC A	No change	No change
LEC A's EAS settlements are phased out, but NYT continues to pay settlements to other independents	No change	No change	No change
New Entrant enters NYT and LEC A territory	No change; however, the new entrant must pay LEC A for terminating traffic it delivers to LEC A, and LEC A must pay terminating access for traffic delivered to New Entrant	No change	No change; New Entrant must pay NYT for terminating traffic it delivers to NYT, and NYT must pay terminating access for traffic delivered to New Entrant
LEC A sets up a separate subsidiary to market services to selected customers called APrime, Inc. APrime, Inc. acquires two customers -- a hospital in NYT's territory and a university in LEC B's.	No change; APrime, Inc. must pay terminating access charges to NYT and LEC B as any new entrant would	No change	No change; APrime, Inc. must pay terminating access charges to NYT and LEC B as any new entrant would
EAS Settlements eliminated for all independents	Terminating Access Applies	Terminating Access Applies	Terminating Access Applies
LECs A or B enters RTC's territory to provide service in competition with RTC	No change	RTC Open Market Plan rates apply in RTC's territory	RTC Open Market Plan rates apply in RTC's territory
RTC enters either LEC A or LEC B's territory, or both	No change	LECs A or B may decide to continue "bill & keep" relationship or move to a chargeable terminating access-basis with RTC	LECs A or B may decide to continue "bill & keep" relationship or move to a chargeable terminating access-basis with RTC

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ATTACHMENT D

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION,

Complainant,

v.

U S WEST COMMUNICATIONS, INC.,

Respondent.

DOCKET NO. UT-941464

TCG SEATTLE and DIGITAL DIRECT OF
SEATTLE, INC.,

Complainant,

v.

U S WEST COMMUNICATIONS, INC.,

Respondent.

DOCKET NO. UT-941465

TCG SEATTLE,

Complainant,

v.

GTE NORTHWEST INCORPORATED,

Respondent.

DOCKET NO. UT-950146

GTE NORTHWEST INCORPORATED,

Third Party Complainant,

v.

U S WEST COMMUNICATIONS, INC

Third Party Respondent.

DOCKET NO. UT-950265

ELECTRIC LIGHTWAVE, INC.,

Complainant,

v.

GTE NORTHWEST INCORPORATED,

Respondent.

FOURTH SUPPLEMENTAL ORDER
REJECTING TARIFF FILINGS AND
ORDERING REILING; GRANTING
COMPLAINTS, IN PART